

SECTION IV.

Immediate Recommendations

This section offers recommendations concerning future data collection, maintenance and reporting practices. These recommendations are based on discussions with Caltrans staff, the study team's experience collecting and analyzing contract and subcontract data from Caltrans and local agencies, knowledge of bidders list and vendor registration systems of other state departments of transportation, and review of requirements in the Federal DBE Program (49 CFR Part 26).

Data Collection Recommendations for Caltrans Contracts and Grants

The study team makes the following immediate recommendations.

Caltrans should develop a comprehensive bidders list. Caltrans should develop a master database of prime contractors, subcontractors, suppliers, truckers and other firms available to work on state transportation construction and engineering contracts. This bidders list would compile firm-specific information on every prime contractor and subcontractors even if the prime contractor is an unsuccessful bidder.

Caltrans does not have a comprehensive bidders list today because of lack of contractor participation. To address this need, Caltrans should make it a condition of bid that the prime contractor and subcontractors have completed a bidder registration form at time of bid. Such registration can be submitted with the bid. Any subcontractors, including second-tier subcontractors, truckers and suppliers, added after time of bid would also require a completed bidder registration form. Caltrans should require contractors to periodically update the bidder registration information.

In addition to being a required element of the Federal DBE Program (49 CFR Section 26.11 (b)), a comprehensive bidders list will assist Caltrans in setting annual DBE goals in the future, in conducting outreach to prospective contractors and tracking the types of firms receiving work. The database also allows small and emerging subcontractors and suppliers to make themselves known to potential prime contractors.

The Federal DBE Program requires collection of each firm's name, address, ownership status (DBE or non-DBE), founding date and average annual gross receipts by size class. Additionally, the BBC study team recommends that Caltrans obtain the gender and the race and ethnicity for all firms, including those that are not DBE-certified; complete contact information including e-mail address; DUNS, EIN or other firm identification number; work specialization; and geographic reach.

DBEs and non-DBE prime contractors and subcontractors should be treated equally in complying with this requirement. This initiative would require additional databases and staff time to implement and evaluate bidders' responsiveness or responsibility. Development of a bidders list is a necessary step to implement several of the other recommendations.

Caltrans should record information on all subcontractors at time of award. At present, Caltrans' electronic databases do not consistently record non-DBE subcontractors. Such data collection is a required element of the Federal DBE Program. Caltrans will be unable to accurately track the percentage of subcontracting work that goes to DBEs without these data. Other state departments of transportation have successfully developed these data collection systems.

At present, Caltrans requires construction contractors to submit a Form 1201 that lists subcontractors in order to confirm that the prime contractor is performing more than one-half of the work. District-level staff should record firm information and subcontract amounts for each of the subcontractors (DBEs and non-DBEs alike) into an electronic database. As a requirement to bid, each of these firms would need to be identified in the Caltrans bidders list.

Caltrans should require and record final payment information on all subcontractors. Caltrans does not consistently collect payment information for non-DBE subcontractors. Clarifying and enforcing the reporting requirements for Form 2402 is a first step. Caltrans should train district-level staff to enter these reports into an electronic database of actual utilization.

Caltrans should consider requiring identification of major suppliers and truckers. At present, Caltrans does not require prime contractors to identify suppliers and truckers. Rather, Caltrans requires this information only when a DBE supplier or trucker was used to meet a DBE project goal. Caltrans can more easily track relative DBE and non-DBE supplier and trucker participation if this

information were consistently collected at the time of bid and in a final report of utilization. The study team suggests that Caltrans consider extending the reporting requirements of Form 2402 to include suppliers and truckers.

Caltrans should require and record proposed and actual utilization for transportation engineering contracts and task orders. Several districts have developed electronic databases that track invoice amounts for prime consultants and subconsultants on engineering contracts. The BBC study team recommends that Caltrans extend these districts' efforts across the Department. Staff in each district should record firm-specific payment information for every task order and contract. The Central Region's invoice tracking procedure and District 8's summary reports are potential models for a new Department-wide system.

To facilitate consistency in reporting procedures across divisions, Caltrans should require the completion of an equivalent to Forms 1201 and 2402 for each task order completed under a contract agreement. District-level staff should enter the information from these forms into an engineering contracts database separate from the invoice tracking spreadsheets discussed above. Such reporting procedures would centralize the relevant utilization data within a single set of contract-specific source documents and provide an additional check between proposed utilization, invoiced expense, and actual utilization.

Caltrans should extend bidders list registration and utilization reporting procedures to state-funded contracts. Data for state-funded contracts provide a point of comparison for evaluating the relative success of any future initiatives that focus on federally-funded contracts. To improve the reliability of these comparisons, Caltrans should require bidders list registration and similar contract reporting procedures for its state-funded contracts as for federally-assisted contracts. The same systems described above and be implemented for state-funded contracts.

Caltrans should require local agencies receiving federally-assisted and state-administered funds to comply with each of the above registration and reporting requirements. Federal DBE Program requirements extend to subrecipients receiving federal assistance administered by Caltrans. Caltrans should work with local agencies to develop consistent bidder registration and data reporting procedures. Caltrans could assist by opening its own bidders list for local agency use. These procedures should resemble those adopted for construction and engineering contracts let by Caltrans and should

be applied for all local agency contracts, regardless of the fund's source (federal or state).

As a first step, the BBC study team recommends modifications to and the extension of reporting requirements now contained in Forms 17F and 15G. Additionally, district local assistance engineers should be equipped with a standardized database and guidance for entering firm-specific information for contracts executed using federal and state funds from Local Assistance.

Next Steps in Implementing Recommendations

Implementation of these recommendations across an organization as large and complex as Caltrans is difficult. Other state and federal requirements govern bidding and contract management processes. Districts have different data collection and compilation practices that will need to be standardized. Caltrans works with more than 600 local agencies, all of which may need guidance on any new procedures. A large contractor pool must also be informed about the new requirements.

Because of these complexities, Caltrans should proceed cautiously in implementing the above recommendations. Between now and the June 2007 Disparity Study Report, the study team can assist Caltrans staff in developing detailed strategies for executing these initiatives.